



U.S. Immigration  
and Customs  
Enforcement

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# News Release

## **SEVEN INDICTED IN \$3 BILLION DOLLAR FRAUD SCHEME**

### *Executives of National Century Financial Enterprises Charged with Conspiracy, Fraud and Money Laundering*

COLUMBUS, OHIO – A federal grand jury here has indicted seven former executives of National Century Financial Enterprises (NCFE), on charges of conspiring to defraud investors by lying to them and others about how the investors' funds would be used, diverting the funds, and then hiding the shortfall by moving money back and forth between subsidiaries' bank accounts and creating phony reports and records to cover up the scheme.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Stanley J. Borgia, Special Agent in Charge, Federal Bureau of Investigation, Cincinnati Field Division, Cromwell A. Handy, Special Agent in Charge, Internal Revenue Service Criminal Investigation, Gerald A. O'Farrell, Assistant Inspector in Charge, U.S. Postal Inspection Service, and Brian Moskowitz, Special Agent in Charge, Bureau of Immigration and Customs Enforcement (ICE) announced the indictment which was returned May 19 and unsealed today.

The 60-count indictment charges conspiracy, securities fraud, wire fraud, mail fraud and money laundering. The indictment seeks approximately \$2 billion in forfeiture of property involved in the money laundering conspiracy.

The indictment alleges that instead of using the investors' funds as they promised, they diverted funds to, among other purposes, make unsecured advances and loans to healthcare companies owned by NCFE or its principal shareholders, Lance Poulsen, Rebecca Parrett and Donald Ayers.

Named in the indictment are:

- Lance K. Poulsen, age 62, now residing in Port Charlotte, Florida. Poulsen served as President, Chairman and a Director of National Century from its inception in 1991. Poulsen was responsible for the overall marketing, funding and operation of National Century and its subsidiaries. In addition, Poulsen was an officer, director and owner of at least six related entities. Poulsen is charged with 1 count of conspiracy, 6 counts of securities fraud, 11 counts of mail fraud, 14 counts of wire fraud, 1 count of money laundering conspiracy, 7 counts of promotion of money laundering, and 7 counts of concealment of money laundering.

- Rebecca S. Parrett, age 57, now residing in Carefree, Arizona, was the Vice Chairman, Secretary and Treasurer, director and owner of National Century and certain of its affiliates. Parrett was responsible for providing instruction on disbursing funds, preparing reports for National Century and other duties. Parrett is charged 1 count of conspiracy, 6 counts of securities fraud, 11 counts of mail fraud, 10 counts of wire fraud, 1 count of money laundering conspiracy, and 7 counts of promotion of money laundering.
- Donald H. Ayers, age 70, now residing in Fort Myers, Florida, was the Vice Chairman and Chief Operating Officer for National Century. Ayers is charged with 1 count of conspiracy, 6 counts of securities fraud, 11 counts of mail fraud, 9 counts of wire fraud, 1 count of money laundering conspiracy, and 7 counts of promotion of money laundering.
- Roger S. Faulkenberry, age 45, now residing in Dublin, Ohio, was the National Century's Director of Securitizations from 1994 until December 2000. Faulkenberry served as the point of contact with the rating agencies responsible for evaluating the soundness of National Century's investments. Faulkenberry is charged with 1 count of conspiracy, 6 counts of securities fraud, 11 counts of mail fraud, 10 counts of wire fraud, 1 count of money laundering conspiracy, and 2 counts of concealment of money laundering.
- Randolph H. Speer, age 55, now residing in Peachtree City, Georgia, who was at various times served as National Century's Chief Financial Officer and Executive Vice President. Speer is charged with 1 count of conspiracy, 3 counts of securities fraud, 11 counts of mail fraud, 13 counts of wire fraud, 1 count of money laundering conspiracy, 7 counts of promotion of money laundering, and 6 counts of concealment of money laundering.
- James E. Dierker, age 38, now residing in Powell, Ohio, was National Century's Vice President in charge of client development from January 1999 until January 2001. Dierker is charged with 1 count of conspiracy, 11 counts of mail fraud, 9 counts of wire fraud, 1 count of money laundering conspiracy, and 3 counts of concealment of money laundering.
- Jon A. Beacham, age 39, now residing in Grosse Pointe, Michigan, was the Director and Vice President of Securitizations from about January 2001 until National Century collapsed in November 2002. Beacham is charged with 1 count of conspiracy, 6 counts of securities fraud, 11 counts of mail fraud, 12 counts of wire fraud, and 1 count of money laundering conspiracy.

"An exhaustive investigation by the FBI, IRS, Postal Inspectors and Immigration and Customs Enforcement agents found evidence that the company executives bilked investors by building a financial house of cards with deception, sleight-of-hand financing, and accounting misdeeds," Lockhart said. "There is no room in the business world for the kind of multi-billion dollar fraud and money laundering alleged in the indictment against these National Century executives."

"This case demonstrates the FBI's continuing commitment to the aggressive investigation of corporate fraud and money laundering," Borgia said. "We will continue with our strongest efforts to deter such conduct and restore investor confidence in the marketplace."

“The U.S. Postal Inspection Service, the federal law enforcement branch of the U.S. Postal Service, has the responsibility to protect the integrity of America’s Postal System,” O’Farrell said. “When corporate leaders use the U.S. Mails for their own illegal gain and defraud their investors, it is our responsibility to play a major role in bringing them to justice.”

“IRS-CI is aggressively pursuing corporate fraud by investigating allegations of fraud by corporations and their officers. No one is above the law,” said Cromwell A. Handy, Special Agent in Charge, Internal Revenue Service, Criminal Investigation. “Money laundering creates an underground, untaxed economy that harms our country’s overall economic strength. It is a global threat that erodes our financial systems.”

The Dublin, Ohio based company bought medical accounts receivable from health care providers around the country, then financed the purchases by selling securities in the form of notes to large institutional investors outside Ohio. In their promotional materials, NCFE billed themselves as the “nation’s leading supplier of working capital to the medical industry.” The company collapsed in November 2002.

According to the indictment, National Century operated as a financial service holding company. Through its subsidiary corporations, such as NPF VI and NPF XII, the company bought accounts receivable from hospitals, nursing homes and other health care providers and medical concerns. The subsidiaries would issue health care receivables securitization program notes. National Century employees would sell these securities in private placements, promoting them as conservative and safe investments.

According to the indictment, NCFE executives diverted the money into other companies they owned, used some of the money for operating expenses for NCFE, and provided unsecured advances and loans to clients, third parties and others.

The indictment alleges that the defendants conspired to conceal cash shortages from investors and trustees by using carefully timed transfers of funds back and forth between companies. In one such instance, on January 2, 2002, the defendants ordered \$148 million moved into one of their subsidiaries so the investments would appear sound. The next day, they moved the \$148 million back to create the same appearance for another subsidiary.

According to the indictment, the defendants prepared and distributed false financial reports to hide their actions from investors and trustees. Investigators found reports marked “NPF VI – Reported” and “NPF VI – Actual” and other similar documents when analyzing company records seized by FBI agents from National Century’s headquarters in November 2002.

The maximum penalty for each count of money laundering and money laundering conspiracy is 20 years imprisonment and a \$500,000 fine. The conspiracy to violate statutes of the United States, and each count of wire fraud, mail fraud and securities fraud carries a penalty of five years imprisonment and a \$250,000 fine. Two of the wire fraud charges and five of the mail fraud charges each carry a penalty of up to 20 years imprisonment because of the law that was in place when the crimes were allegedly committed.

United States District Judge Algenon L. Marbley will preside over the case. Judge Marbley will set a date for the defendants to have their initial appearances.

Lockhart commended the cooperative investigation by the agents and inspectors of the FBI, IRS Criminal Investigation, U.S. Postal Inspection Service, and ICE, with assistance from the Dublin Police Department and Franklin County Sheriff's Office. He further commended Assistant U.S. Attorney Dale E. Williams, Jr., Mark Yost and Patrick Murphy, U.S. Department of Justice, Criminal Division, Asset Forfeiture and Money Laundering Section, and Colleen Conry and Jeffrey Neiman, U.S. Department of Justice, Criminal Division, Fraud Section, who are prosecuting the case.

An indictment is merely an accusation. All defendants are presumed innocent of the charges and it is the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

# ICE #

*U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.*